

City Budget

City Revenues

- Derived mainly from one source: **Property Taxes**
- Property taxes account for **80%** of total revenues
- Other revenue sources:
 - State Aid (Ch. 70 & UGGA)
 - Local receipts: Motor Vehicle Excise tax, Building Permit fees, and Hotel/Motel and Meals taxes



Property Tax Levy

Proposition 2 ½

- 1980 Massachusetts law that strictly limits the amount of property tax revenue a community can raise through real and personal property taxes. This revenue is the **Tax Levy**
- Prop 2 ½ limits how much the levy can be increased from year-to-year. The maximum amount a community can levy in any given year is called the **Levy Limit**
- Under Proposition 2 ½ a community's levy limit increases automatically by two factors:
 1. An incremental increase of 2.5% of the prior year's levy limit
 2. A dollar amount derived from the value of new construction and other growth in the local tax base since the previous year is called **New Growth**
- The 2.5% increase and the new growth number are both added to the prior year's levy limit to reach the current year's levy limit

City of Woburn

Tax Levy FY 24

II. TO CALCULATE THE FY 2024 LEVY LIMIT

FY2023 LEVY LIMIT	\$156,729,966
ADD *2.5%	+ 3,918,249
ADD FY24 NEW GROWTH	+ 2,500,000
TOTAL FY24 LEVY LIMIT	\$163,148,215
INCREASE IN LEVY AMOUNT OVER FY23	\$6,418,249

State Local Aid (Cherry Sheet)

Funding from the State consists of Chapter 70 school funding and Unrestricted General Government Aid (UGGA)

	Receipts FY24	Receipts FY23
Chapter 70	\$13,986,702	\$12,911,304
UGGA	\$7,560,197	\$7,425,627
Total	\$21,560,182	\$20,336,931

Assessments		
	FY24	FY23
Total	\$5,372,530	\$4,788,926
Net	\$16,187,650	\$15,548,005
Increase	\$639,645	

Local Receipts

- Revenue from motor vehicle excise tax, meal tax and hotel tax have rebounded from pandemic lows
- Building Permits are expected to be lower next year due to inflation, high interest rates and potential recession
- We have conservatively estimated FY24 local receipts to be the same as this year (FY23)

Operating Budget Expenditures

On the City side:

- All departments reviewed and analyzed
- Identified where savings and efficiencies could be made
- Will continue to maintain all important municipal programs and services
- The overall preliminary City budget is increasing from \$156 million to \$163 million - **An increase of \$7,000,000**
- School funding (including vocational schools) represents half of the total city budget
- Estimated FY24 Revenue Increase \$7,057,894

School Budget

- **Funding for the School Department is increasing by 9.8%**
resulting in an additional \$7,271,579
- FY 23 Budget allocation: \$74,033,814
- FY 24 Budget allocation: \$78,905,393
- Out of District Expenses: \$1,800,000
 - SPED Stabilization fund
- Capital allocation: \$600,000
- **Total: \$81,305,393**

Stabilization Fund

\$14 Million

- The City of Woburn established a Stabilization Fund to serve as a reserve for years when the City faces a multiple year economic recession, a rare catastrophic event requiring a significant expenditure or planned capital expenditures
- Having a well funded Stabilization Fund is important to help the City through a crisis and to attain favorable ratings from bond rating agencies, which in turn impacts borrowing costs for the City of Woburn.

Free Cash

\$39 Million

Free Cash

- Remaining, unrestricted funds from operations from the previous fiscal year
- Result of unanticipated actual revenues in excess of revenue estimates, unexpected unspent funds in operating budget line items and unexpended free cash from the previous year
- Provides a financial cushion against events such as:
 - a sudden loss of a revenue source
 - an economic downturn
 - an emergency or other unanticipated expenditure
 - non-recurring capital expenditure(s)
 - uneven cash flow.
- Free cash serves as a source for funding capital outlays or replenishing other reserves
- The City of Woburn will not use free cash to fund the operating budget. Free Cash is considered a non-recurring source of funds and should only be used for non-recurring purposes, including replenishing reserves.

Overlay Account

\$7.5 Million

- Cities and towns must maintain an account to fund anticipated property tax abatement, exemption and receivable exposure for all fiscal years. This is referred to as the **"Overlay"** account. As part of the annual budget and tax rate process, the Board of Assessors must analyze the balance in the overlay account and determine whether it is adequate to fund anticipated property tax abatements, exemptions and receivables during the upcoming fiscal year in addition to existing abatement, exemption and receivable exposure for all previous fiscal years, including all tax relief and tax deferral programs.
- The City has been conservatively appropriating \$750,000 / year from overlay surplus to fund OPEB trust fund in order to address costs associated with providing health insurance for retirees and their spouses and reduce a massive unfunded liability.

Excess Levy Capacity

- Any city may choose to set its Tax Levy at any amount below or equal to its levy limit. When a community sets its levy below the limit, the difference between the levy and the levy limit is commonly referred to as excess levy capacity. This is an additional amount the community could have levied, but chose not to, in prior years.
- The City has \$32 million in excess levy capacity due to conservative budgeting and periods of strong new growth. The non-use of excess levy resulted in substantial tax savings to residents and businesses.
- The use of excess levy capacity should be used to address debt service associated with major community supported capital upgrades and not excessive unsustainable Department budgets.

Ten Year School Spending

FISCAL YEAR	Original Budget	% INCREASE	Voc and Essex Aggie	% INCREASE
2023	\$74,033,814.00	4.82%	\$76,730,209.00	4.95%
2022	\$70,626,441.00	3.50%	\$73,112,997.00	3.54%
2021	\$68,238,272.00	3.79%	\$70,615,571.00	4.05%
2020	\$65,748,736.00	4.25%	\$67,864,044.00	4.43%
2019	\$63,066,962.00	4.56%	\$64,986,490.00	4.56%
2018	\$60,314,181.52	3.60%	\$62,153,834.52	3.28%
2017	\$58,219,062.00	4.58%	\$60,182,035.00	4.59%
2016	\$55,667,858.24	3.63%	\$57,540,806.24	4.13%
2015	\$53,717,738.00	4.87%	\$55,259,887.00	5.54%
2014	\$51,225,517.00	4.15%	\$52,359,716.00	4.49%
2013	\$49,184,366.00		\$50,110,112.00	
10 Year Average		4.18%		4.35%

Ten Year School Spending

FISCAL YEAR	Debt Service	Project	Capital Funding
2023	\$4,296,053.76		\$750,000.00
2022	\$4,439,716.28		\$435,000.00
2021	\$4,589,791.28	H/W 3	\$0.00
2020	\$4,478,416.28	H/W 2	\$488,000.00
2019	\$3,531,216.28		\$0.00
2018	\$3,667,089.72	H/W 1	\$550,000.00
2017	\$3,421,738.15		\$730,000.00
2016	\$3,853,947.53		\$1,100,000.00
2015	\$4,091,459.56		\$600,000.00
2014	\$4,293,956.28	J/K Roof	\$500,000.00
2013	\$4,277,103.79		\$1,341,737.33

Ten Year School Spending

FISCAL YEAR	ESSER	ESSER II	ESSER III	FEMA	CARES	TOTAL COVID FUNDING
2023		\$362,523.80	\$146,598.84	\$0.00	\$0.00	\$0.00
2022	\$53,048.10	\$237,323.50	\$1,518,031.07	\$0.00	\$264,240.40	\$264,240.40
2021	\$479,867.43	\$1,050,471.37	\$3,694.73	\$269,405.38	\$1,486,961.57	\$1,756,366.95
2020				\$40,378.46		\$40,378.46
2019						
2018						
2017						
2016						
2015						
2014						
2013						
						\$2,060,985.81